

The future of financing for WHO

Report by the Director-General

1. Discussions in 2009 highlighted concerns among Member States about the way WHO is financed. Two questions were prominent: how to align better the objectives agreed by the Organization's governing bodies with the monies available to finance them, and how to ensure greater predictability and stability of financing.
2. An informal consultation convened by the Director-General in January 2010 concluded that improvements in financing first require greater clarity about the current role of WHO. As noted in the report of that meeting,¹ this role is being profoundly shaped by changing disease profiles, rising public expectations for health care, rising costs of new technologies, a growing impact on health of policies made in other sectors, and a proliferation of new health initiatives and partnerships. Issues raised at the meeting were the subject of a web-based consultation conducted between April and October 2010, and discussions during the sessions of regional committees in 2010; views of Member States are summarized in an accompanying information document.²
3. In parallel with this consultative process, WHO's Global Policy Group, composed of the Director-General, the Deputy Director-General and the Regional Directors, reached similar conclusions to those expressed by Member States: WHO needs to capitalize more effectively on its leadership position in global health; doing so requires fundamental reforms in the way the Organization operates.
4. Three fundamental problems drive the need for reform. First, WHO's role in relation to other actors in international health needs to be defined with greater clarity. This requires consideration of the Organization's role in global health governance. Secondly, WHO is widely perceived to be overextended; trying to do too much compromises effectiveness and efficiency. Thirdly, when faced with new challenges and a rapidly changing environment, WHO is unable to respond with sufficient speed and agility. The current financial crisis adds urgency to the need to address these problems.
5. This report responds to these concerns. A review of WHO's distinct contribution to global health is followed by a summary of the roles of the Organization at different levels, and an outline of an agenda for organizational reform.
6. Reform aims to ensure that WHO is fit for purpose. Achieving this objective requires consolidation rather than expansion. Improvements in the quality of financing are more important than

¹ Document WHO/DGO/2010.1.

² Document EB128/INF.DOC./2.

ever-higher budgets. The reform process requires the engagement of Member States, but can move ahead without changes in WHO's Constitution.

WHO's core business

7. The starting point for the reform process is clarification of the Organization's distinct contribution to global health. What is WHO uniquely well-positioned to do? What functions do Member States expect WHO to perform better than any other agency or organization?

8. Some functions are widely recognized and supported as best performed by WHO. First, countries expect WHO to coordinate a rapid response to public health emergencies, limiting the international spread of outbreaks and epidemics and providing basic health care in emergencies caused by natural disasters or conflict. In such situations, WHO country offices offer a distinct advantage in terms of staff, logistics, communications and the facilitation of rapid access by response teams.

9. Secondly, countries look to WHO for the impartial and authoritative advice needed to protect the health of their citizens. Such advice may take the form of international norms and standards, as for the safety of food, water, urban air and industrial chemicals, or global strategies and legal instruments for addressing universally shared problems, such as those posed by tobacco use, the marketing of breast-milk substitutes, or substandard/spurious/false-labelled/falsified/counterfeit medical products.

10. Thirdly, countries expect WHO to use its international perspective, experience and technical data to offer evidence-based guidance on the organization and financing of health services and the provision of high-quality health care, and to provide expert advice on the management of individual diseases in different resource settings.

11. Fourthly, countries expect WHO to use its statistical data and global oversight to bring attention to neglected problems, sound an alert to alarming trends, assess progress towards internationally-agreed goals, and encourage accountability in commitments made by Member States, donors and partners. Such oversight is further enforced by the Organization's strong recent emphasis on social determinants of health, which helps ensure that social, economic, environmental and development policies contribute to better health outcomes. WHO's activities and advocacy in all these areas are consistently guided by a concern for equity and human rights.

12. These expectations clarify fundamental activities undertaken by WHO. Six core functions set out in the Eleventh General Programme of Work 2006–2015 articulate how WHO works to perform these activities: (i) providing leadership on matters critical to health and engaging in partnerships where joint action is needed; (ii) shaping the research agenda and stimulating the generation, translation and dissemination of valuable knowledge; (iii) setting norms and standards, and promoting and monitoring their implementation; (iv) articulating ethical and evidence-based policy options; (v) providing technical support, catalysing change, and building sustainable institutional capacity; and (vi) monitoring the health situation and assessing health trends.

Contribution of the three levels of the Secretariat

13. Each of the three levels of WHO's Secretariat makes a distinct contribution to the conduct of core business. The key interface is with individual Member States, irrespective of whether WHO has a physical presence in the country. For some countries, the value of WHO comes from its convening power, which provides a means of tapping into international experience or achieving negotiated solutions to shared problems. Other countries may give greater weight to the provision of technical

support for building institutional capacity. In yet others, WHO is valued for its role in coordinating humanitarian assistance or outbreak response.

14. Regional offices help to ensure a coherent and collaborative response to health problems shared among countries with a similar geography or culture. Regional cooperation is needed to address the many health problems that readily cross borders within a geographical area or are influenced by its climate and ecology. To address these problems, regional offices facilitate dialogue, the exchange of experience, and the establishment of region-wide mechanisms, such as those for disease surveillance or specialized laboratory work. These offices bring a regional perspective to the global health agenda, provide direct support to countries and offer technical and administrative support to WHO country offices. Regional offices service their respective regional committees.

15. Work performed at WHO's headquarters uses an international perspective on health trends and determinants to provide an overarching strategic vision. Through its international convening power, headquarters acts as the main interface with other international organizations. Its depth of technical expertise allows it to play a major role in WHO's normative and standard-setting work. It also services both the Executive Board and World Health Assembly, as well as a growing number of other intergovernmental negotiating bodies. In addition to specific technical functions, headquarters facilitates the development of policy across the Secretariat and coordinates management and administrative processes.

Outlining an agenda for reform

16. The six headings that follow set out the main elements of a reform agenda. They start from the broader perspective of WHO's role in global health governance, focus on more specific aspects of priority setting and describe a range of financing and organizational reforms that can improve the performance of WHO.

Global health governance

17. In health security (particularly outbreak surveillance and response) and humanitarian action, WHO's governance role is clear, and well-established mechanisms are in place for engaging all relevant stakeholders. Where improvements are deemed necessary, reform can be discussed and implemented in the context of existing governance structures.

18. Similarly, WHO has well-established mechanisms for developing international guidelines, norms, and standards, and these make a clear contribution to global health governance. In addition, WHO uses its convening power to facilitate the negotiation of international agreements and legal instruments, such as the WHO Framework Convention on Tobacco Control. In the case of negotiated strategies and instruments, the challenge facing reform is to ensure inclusiveness, independence and integrity in what are often highly complex and politically-sensitive areas of work.

19. The global governance role of WHO in the field of development is much less clear. In recent years, development has attracted growing political attention, increasing resources, and a proliferation of global health initiatives. Partly as a result, this area of work has attracted an increasingly crowded array of actors with little, if any, effective institutional architecture at the global level. As a result, countries frequently experience conflicting advice from different visiting missions, duplication of efforts, fragmented channels of funding, high transaction costs, and burdensome reporting requirements.

20. Although development for health urgently needs greater coordination and coherence, reform is not the sole responsibility of WHO. At country level, WHO can support health ministries in coordinating the work of development partners. At the global level, however, real progress depends on actions by others. Donor countries can play a greater role in reducing the overlap of mandates between development agencies. Leading by example, donors should demand good performance and value for money from all the organizations they support and refrain from creating new partnerships in favour of making sure that existing partnerships perform more effectively. As a technical agency, WHO plays a fundamentally different role from that of global partnerships operating primarily as financing instruments. To avoid duplication, all partnerships need to respect the core mandates of technical agencies and use their competencies.

21. Global health policy is shaped by a wide range of stakeholders from the public, private and voluntary sectors. It is of growing importance that these voices are also heard in WHO. Being more inclusive can contribute to a stronger leadership role for WHO by gathering broader-based support. To supplement existing bodies, WHO is introducing a new forum that will bring together Member States, global health funds, development banks, partnerships, nongovernmental organizations, civil society organizations, and the private sector to address issues critical to global health.

Programme priorities

22. Given the breadth of WHO's core business, setting specific priorities is a challenge. Criteria for priority setting start with disease burden and country demand. WHO gives priority to those health conditions that have the greatest impact on people's lives. However, this does not always mean that budgetary allocation should match the scale of a health problem or the size of a disease burden. Budgetary allocations should reflect the capacity of WHO, executing its core functions, to have a measurable impact on a problem. For some problems, advocacy by WHO is important, but work done by other organizations or agencies will have the greatest impact within countries.

23. Demand from Member States helps to shape priorities, particularly at country level. However, constantly increasing requests from Member States to add new items for debate or new areas of work can distort the process of responsible priority setting. Doing so works against the goal of a leaner and more agile WHO, hinders the identification of neglected areas deserving international attention, and reduces the Organization's capacity to respond to future trends.

24. Two basic problems will continue to beset priority setting. First, given that more than 60% of WHO's income takes the form of highly-specified funding, an area of work that attracts significantly more, earmarked, voluntary funding than another becomes de facto a priority in the absence of sufficiently flexible funding to reduce the imbalance.

25. Secondly, it is often assumed that prioritization can be readily achieved by terminating, or "sunsetting", one or more programmes. In reality, as an international health organization concerned with all dimensions of human health, which frequently interact, WHO has to maintain the breadth of its core business. Prioritization is therefore not a question of whether WHO should be involved in a specific area, such as immunization, nutrition or health financing, but a question of precisely what it should do in each of these areas. In other words, the choices that define priorities have to be made within rather than between programmes.

26. Progress in the short term in refining priorities has been based on a review of programmes (protecting key areas of core business), major cost drivers (protecting those costs that directly benefit

countries) and core functions. This process will seek to ensure that WHO's activities are adjusted to expected levels of income in the current biennium.

27. Developing a more systematic approach to priority setting is central to the reform agenda. However, experience to date suggests that priority setting cannot be tackled in isolation from how WHO is financed and from other aspects of organizational reform.

Results-based planning, budgeting and evaluation

28. To serve its purpose, WHO's budget must set out clearly what the Organization expects to achieve, provide a realistic assessment of the resources needed to carry out the work, and clearly state the results for which the Organization is to be held accountable. Reform will seek to address two fundamental problems. First, the current process of preparing plans and budgets is not always realistic. Biennial budgets are aspirational and insufficiently grounded in implementation capacity or the availability of funds to finance the range of activities included. Secondly, much greater precision is needed in defining the results for which WHO itself, at each level of the Organization, is held accountable.

29. The objective for the reform process will be to design a more effective system of planning and budgeting, linking strategic, technical and managerial inputs, before embarking on the next General Programme of Work and Medium-Term Strategic Plan. The reform process will also assess the potential for the greater use of independent evaluation in order to better understand WHO's strengths and weaknesses and to inform future priority setting.

Organizational design

30. Strengthening WHO's presence in countries is central to organizational reform. The agenda has several components. WHO's physical presence will be more closely geared to the needs and circumstances of the country concerned. With building self-reliance as the objective, a country may no longer need a WHO country office; its closure should not be experienced as a loss, providing that access to WHO's support is ensured in other ways. Additionally, changing circumstances, for example from conflict to stability, may require new skills and new ways of working. WHO must have the flexibility to adapt to such changes.

31. The key to the reform of WHO's country operations is to enhance the leadership and improve the quality of country office staff. If the role of WHO is to provide high-level strategic and technical advice, then staff of sufficient seniority are required. Moreover, WHO staff members at country level must be of high quality and not merely duplicate skills that are available from other agencies. Further reform in this regard will build on recent work to improve the selection of WHO Representatives and the training of country office staff. Overall, the emphasis will be on quality rather than the number of personnel.

32. WHO's work within countries is part of an integrated United Nations Country Team committed to the goal of "delivering as one". In many countries, a core role for WHO within the Country Team is to be the facilitator and convenor as national authorities develop and implement national health policies, strategies and plans. In less stable situations, WHO acts as the convenor of the health cluster for humanitarian assistance. In both circumstances, however, the focus will no longer be exclusively on working with government agencies. Instead, WHO will broaden its convening role to work more closely with nongovernmental organizations, civil society organizations and the private sector.

33. Although a country presence helps to ensure access to WHO's evidence-based guidance and technical resources from all levels of the Organization, WHO does not have to be the exclusive provider of technical support. WHO can also guide countries in identifying other sources of technical support, for instance through South–South cooperation or triangular collaboration involving a body in the United Nations system.

34. Organizational reforms at other levels will support country operations. Recent structural changes in headquarters, regional and out-posted offices have increased efficiency while also encouraging greater integration of activities. The next step will be to implement a corporate approach to mainstreaming cross-cutting issues, such as health promotion, gender, human rights and social determinants. These activities are part of core business of WHO, but will be reflected in work across the Organization, rather than relying on separate departments to champion their cause.

35. Differences exist among WHO's regions and within individual regions. Current regional functions have been broadly outlined above, but there is a need to ensure the optimal distribution of functions between regional and subregional locations.

36. A broader set of structural questions will be addressed as part of the reform process. These include developing clear criteria for what WHO should do itself (in terms of both technical work and support functions) and what it should contract out, commission or leave to others. WHO will review functions in relation to their location, particularly from the perspective of using low-cost locations for essential services.

Human resource policy and practice

37. WHO's strength lies in its staff. There are, however, several challenges to be met if the Organization's aim to attract and retain the best professionals in global health is to be realized. Recruitment processes are often too lengthy, and among many staff there remain expectations of career-long employment.

38. A fundamental problem is that the bulk of WHO's current financing is highly specified and neither long-term, predictable nor flexible. This financing model hampers the Organization's ability to develop and maintain a workforce that can respond quickly when new challenges arise or when new skills are required.

39. WHO is increasingly faced with technical demands for the highest level of skills in specialized fields, where the rate of change in knowledge and expertise is rapid. The Organization must therefore be able to attract staff with the most up-to-date skills and training.

40. The starting point for reform will be a review of the overall staffing model: to achieve consolidation in some areas, while allowing for limited growth in others. Next, the aim will be to ensure the most appropriate contract framework is in place and managed to meet changing demands, with Staff Rules and Staff Regulations adapted accordingly. These measures will be backed by ongoing work on performance management to promote greater accountability; to increase mobility within the Organization, both in terms of location and job; and to emphasize competency assessment without compromising the evaluation of technical expertise. All reforms will be undertaken in consultation with staff and their representatives.

Financing for WHO: mobilizing and allocating resources

41. Closer alignment between agreed objectives and resource allocation depends on a significant increase in the proportion of flexible, un-earmarked funding. More flexible financing is therefore an essential ingredient of the reform agenda, in that it will enable WHO to respond effectively to new health challenges and a changing environment. It is also a potential outcome of reform, on the assumption that greater confidence in WHO's policies and practices – and the successful implementation of the reforms outlined in this report – will enable more donors to fund the programme budgets.

42. In reality, many voluntary contributions will continue to be specified. This arrangement need not be a problem, provided that there are other sources of flexible and predictable funds to ensure alignment of resources across the programme as a whole. For this reason, Member States are urged to give serious consideration to the issue of increasing assessed contributions and, where appropriate, revisiting national policies that restrict their growth.

43. Many of WHO's traditional donors face their own budgetary pressures. WHO will therefore seek to attract new donors and explore new sources of funding. In exploring new sources of funds, the aim will be to widen WHO's resource base, for example, drawing on Member States with emerging economies, foundations and the private and commercial sector, without compromising independence or adding to organizational fragmentation. WHO will also examine the advantages of a replenishment model for attracting more predictable voluntary contributions.

44. Finally, the implementation of a more effective and corporate approach to resource mobilization is central to reform. The resource-mobilization strategy is built on three pillars: improving the effectiveness of existing resource-mobilization efforts; expanding the donor base of the Organization; and establishing an enabling environment for resource mobilization. Communications and resource mobilization are closely linked. WHO will become more effective in communicating the nature and impact of its work by increasing the rigour of performance assessment and issuing timely reports on implementation. Communication that shapes public opinion about the effectiveness of WHO is particularly important in increasing support for flexible funding.

Next steps

45. Over the course of 2010, a discussion that started by looking at the future of financing has broadened into an important discussion on the role of WHO in global health and the changes required in the Organization to fulfil that role more effectively.

46. This report outlines an ambitious agenda for reform. More work is needed to further analyse the issues to be addressed, to define more precise objectives, and to develop a plan and timeline for taking the work forward.

47. Subject to the view of the Executive Board, the Director-General will lead this work, seeking assistance from external experts where required and soliciting the advice and support of Member States. A more fully developed plan for the reform of WHO will then be submitted to the World Health Assembly in May 2011.

ACTION BY THE EXECUTIVE BOARD

48. The Executive Board is requested to provide guidance on the agenda for reform and the proposed next steps.

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